



Department of Energy
Pittsburgh Naval Reactors Office
P.O. Box 109
West Mifflin, Pennsylvania 15122-0109

PNR:AUD:06-038
August 22, 2006

MEMORANDUM FOR Deputy Administrator for Naval Reactors

SUBJECT: MANAGEMENT CONTROL AND FINANCIAL MANAGEMENT
SYSTEM REVIEW

In accordance with the Federal Managers Financial Integrity Act, I have completed summary management reviews of the management controls for the Pittsburgh Naval Reactors Office (PNR) in effect as of the date of this memorandum. Reviews were performed in conformity with Department of Energy (DOE) guidelines and included a review of whether management controls were in compliance with underlying management principles which incorporate the U.S. Government Accountability Office Standards for Internal Controls in the Federal Government. Reviews included consideration of the results of audit reports, internal management reviews, computer security reviews, assurances from the management and operating (M&O) contractor under my cognizance, and all other known information. In addition, the reviews considered areas of (1) environmental management, (2) nuclear safety management, and (3) nonnuclear safety management, and no problems were identified. Results of the reviews indicate there is reasonable assurance management controls are working effectively, and program and administrative functions are performed economically and efficiently, consistent with applicable laws; property, funds, and other resources are safeguarded against waste, loss, unauthorized use or misappropriation; obligations and costs are proper; and accountability for assets is maintained. The concept of reasonable assurance recognizes management controls must be cost-effective, and there is always some potential for errors or irregularities to go undetected.

CC:

R. A. Glas/T. M. Minvielle, NR
Chief Financial Officer, HQ

THRU: NR (2 cys)

D. L. Wittenburg, OIG, Pittsburgh, PA

THRU: NR

Deputy Administrator
for NR

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The above reviews did not disclose any reportable problems.

An evaluation of the financial management system for PNR has also been conducted in accordance with DOE guidelines. Results of the review indicate the system generally conforms with Federal financial management system requirements. In addition, financial management systems of the M&O contractor under my cognizance are in conformance with DOE accounting policies and procedures.

The financial management systems evaluation did not disclose any financial management system reportable nonconformances.

A handwritten signature in black ink, appearing to read 'H. A. Cardinali', is positioned above the printed name.

H. A. Cardinali
Manager